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Energy and Environment Cabinet

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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

June 2, 2014

PARTIES OF RECORD

Re: Case No. 2014-00078
An Investigation of Duke Energy Kentucky, Inc.'s Accounting Sale of Natural Gas
Not Used In Its Combustion Turbines

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Staff Attorney Aaron Ann Cole at 502-782-2591.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

AAC/kar
Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2014-00078

FROM: Aaron Ann Cole, Staff Attorney

DATE: May 27, 2014

RE: An Investigation of Duke Energy Kentucky, Inc.'s Accounting Sale of Natural Gas Not Used In Its Combustion Turbines

Pursuant to Commission Staff's May 22, 2014 Notice of Informal Conference, a telephonic Informal Conference ("IC") was held on May 27, 2014. Commission Staff requested the IC for the purpose of discussing issues in this matter. A list of the attendees is attached hereto.

Commission Staff began by noting that Duke Energy Kentucky, Inc. ("Duke Energy") included in the calculations of its quarterly Rider PSM profit-sharing mechanism tariff filing, TFS 2014-00258, the losses resulting from the natural gas purchased but not used for its Woodsdale gas-fired plant that were sold in January and February 2014, and the treatment of which are at issue in the pending investigation in Case No. 2014-00078. Commission Staff asked Duke Energy why these costs were included in the tariff since they are at issue in the pending investigation. Duke Energy Staff responded that these amounts were included because they corresponded with revenue from PJM off-system sales.

After a brief discussion, Commission Staff and Duke Energy agreed that Duke Energy would amend its pending tariff filing to remove references to the natural gas losses in question in Case No. 2014-00078 before the tariff's effective date of June 2, 2014. Mr. Howard from the Attorney General's Office of Rate Intervention stated that the Attorney General's Office agreed with this solution.

There being no further discussions, the IC was adjourned.

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF DUKE ENERGY)	
KENTUCKY, INC.'S ACCOUNTING SALE OF)	CASE NO.
NATURAL GAS NOT USED IN ITS)	2014-00078
COMBUSTION TURBINES)	

May 27, 2014

Please sign in:

NAME

REPRESENTING

Leah Faulkner

PSC - FA

Jim Julius

PSC - FD - RR

Bob Russell

PSC - FA

Burt Kutty

PSC - Filings

Jonathan Beyer

PSC - Legal

Nancy Vinzel

PSC - Legal

Ann Ann Cole

PSC - Legal

Pepe D'Ascenzo

Duke - Legal (Senior Counsel)

Don Wathers

Duke - Director - Rates + Regulatory

Kristen Ryan

Duke - Senior Paralegal

Lisa Steinkuhl

Duke - Rates + Regulatory

John Verderame

Duke - Director - Power Trading + Dispatch

John Swez

Duke - Director - Generation Dispatch + Operations

Angela Goad

AG - Rate Intervention

Larry Cook

AG - Rate Intervention

Dennis Howard

AG - Rate Intervention

Case No. 2014-00078
May 27, 2014

NAME

REPRESENTING